



— DEPARTMENT OF — REVENUE — STATE OF MISSISSIPPI

To the Governor, Legislature, and People of Mississippi:

We are pleased to submit the Annual Report of the Mississippi Department of Revenue for the Fiscal Year ending June 30, 2014. This report contains information about the Department of Revenue, its mission, functions, and statistical information highlighting our activities and performance for the year.

The dedicated employees of this agency and executive staff remain focused on our mission to collect revenue and to fairly administer the revenue, local option, property tax, and motor vehicle laws of this state. The agency's strategic plan is utilized as a roadmap to chart our course over the next several years. We are continually identifying and implementing best practices to improve our internal controls and technology platforms to provide long-term benefits for Mississippi and its citizens.

Accomplishments for FY 2014 include:

- DOR collected \$7.6 billion in State, Local, and Special Fund Revenue, a 4.9% increase over the prior year. DOR collected 97% of the State's General Fund and transferred revenues to over 300 Treasury Funds.
- The agency successfully implemented the 3rd phase of its integrated tax system (MARS) with roll-out of Sales, Use and other transaction taxes. Simultaneously, DOR successfully completed migration to GenTax Version 9 which provides a more robust and enhanced system. A component of the 5-year implementation of the system provides free online reporting and payment for over 40 tax types, and allows taxpayers online access to their tax filing information and online registration. Information for more than 2 million taxpayers is managed in this system.
- A strategy to improve voluntary compliance includes developing and maintaining a strong enforcement program which is proven to promote correct and timely reporting and payment of taxes. One enforcement measure is to monitor tax compliance through the examination of returns. Out-of-State Audit completed 588 audits with discovery of \$29.7 million in non-reported income. Business Tax Audit completed 3,943 audits with discovery of \$144.5 million in non-reported income. Auditors generated \$24 for each \$1 in cost.
- Fewer accounts passing to the collection cycle status of "finally determined tax liability" indicates improved voluntary compliance. During the past year, significant focus was placed on reducing the debt moving to the status of Finally Determined Tax Liabilities. Year-end results show an overall decrease in this status of \$110 million, new cases decreased by 20.75%, and the amount of debt for those cases decreased by 3.58%. Revenue Officers collected \$27 for each \$1 in costs.
- ABC completed the first phase of the 1½ mile conveyor system improvements project. This increased efficiency by raising the number of cases prepared for shipping from 2,200 to 3,200 per hour allowing ABC to ship more products each day. ABC shipped 2,934,160 cases of alcohol during FY14. The net profit from operations increased to \$56.5 million. All together, the transfer to the General Fund from profit and taxes was \$102.7 million.

Other accomplishments and performance indicators are provided throughout this report.

We hope that the Annual Report provides you with helpful information and that you will see how the Department of Revenue performs our statutory responsibilities for the citizens and taxpayers of the State of Mississippi.

J. Ed Morgan
Commissioner of Revenue



Catherine Pridgen, Employee of the Year

Catherine Pridgen is a stellar employee who brings to her job a high level of energy, professionalism, and commitment. During the past two years, DOR has created and continues to develop a Call Center to assist taxpayers who have questions concerning correspondence they received from the agency, filing questions, and other questions related to their filing responsibilities. This unit is also responsible for registration of new accounts and updating demographics for established accounts.

Catherine, as the most experienced member of this unit, has been instrumental in developing and guiding the training of the new Call Center Staff. She has developed training and guidelines for new employees and is always on hand to answer a question or provide advice to her co-workers. As the unit continues to grow, Catherine has taken the lead in training all new employees.

Catherine's positive attitude and cheerful personality helps callers feel at ease and instills confidence in them that their issue will be handled quickly and professionally. Her willing spirit and dedication is an example to all of us.



Pictured: Jan Craig, Associate Commissioner, Income and Property Tax; Catherine Pridgen, Employee of the Year; and Ed Morgan, Commissioner of Revenue

DOR Employees of the Month



Pictured back row, left to right: Ellen Thompson, Revenue Analyst, Greenwood District; Tammy Goldman, Revenue Analyst, Registration; Ed Morgan, Commissioner of Revenue; Craig Bland, Senior Programmer Analyst, Information Technology; and Catherine Pridgen, Revenue Analyst, Call Center

Pictured front row, left to right: George Knight, Senior Support Technician, Mail Services; Betornia Vaughn, Data Entry Operator, Processing; Daniel Garrett, Business Systems Analyst, Systems Delivery; Christine Woodberry, Auditor, MARS Project; and Terrie Knight, Branch Director, Petroleum

Not pictured: Chris Jarrell, Auditor, Gulf Coast District; Tammy Judon, Programmer Analyst, Electronic Interfaces; Jeremy Lonie, Revenue Analyst, Lien Administration; Michael Jones, Revenue Officer, Meridian District; and Stacie Roy, Auditor, Meridian District

DOR Employees Honored for Years of Service

Thirty Years

Back Row: Rusty Hanna, ABC Enforcement Deputy Chief; Commissioner Morgan; Walt Ingram, Criminal Investigations, Gulf Coast

Front Row: Sylvia Coley, Branch Director, Data Entry; Terrie Knight, Branch Director, Petroleum; Beverly Ellis, Data Entry Operator

Not pictured: Charlye Lott



Twenty-Five Years

Back Row: Charles Lockett, Tax Enforcement Manager, Jackson; Carlton McGrone, Director, Print Shop; Commissioner Morgan; Joey Miles, ABC Enforcement Agent-in-Charge, Hattiesburg; Doug Holder, Tax Enforcement, Meridian

Front Row: Sally Ross Davis, Audit, Greenwood; Patti Curtis, Data Entry Operator; Linda Pickering, Branch Director, Data Perfection; Clara Bradford, Income Tax

Not pictured: Micelle Foil, Ricky Johnson, Arthur Manning and Kathy Oliver



Twenty Years

Back Row: Carl Perry, Senior Systems Administrator; Joe Williams, Systems Operator; Commissioner Morgan; Lynn Everett, Property Officer; Curtis Covington, Audit Manager, Jackson

Front Row: Delores Drane, Registration; Kimberly Robinson, Income; Debbie Jackson, Revenue Analyst, Sales Tax; Sarah Gary, Income Tax

Not pictured: David Garrett, Tyrone Harris and Wyatt Sanford



Fifteen Years

Back Row: Dan Garrett, Business Systems Analyst; Robert Livingston, Quality Management Director; Roger Ross, Income Tax; Commissioner Morgan; Adrian Johnson, Branch Director, Processing; Joe Taylor, IFTA/IRP Audit, Tupelo; Michael McBrayer, Tax Enforcement Manager, Tupelo

Front Row: Samantha Rockingham, Income Tax; Cassandra Steverson, Income Tax; Carrie Kendrick, Corporate Income; Shellie Willis, Data Entry; Cheryl Brock, Tax Enforcement; LaDonna Sewell, Revenue Analyst, Petroleum

Not pictured: Jason Adams, Willie Ruth Cager and Greg Roberts



Department of Revenue

Mission, Vision, Philosophy, and Goals

The Department of Revenue is guided by our vision, philosophy and goals. Our objective is to ensure that revenue is available to fund government programs. The Department’s statutory responsibilities include the following requirements:

Administer the Revenue Laws

Administer the State’s Motor Vehicle Registration and Title Laws

Ensure Equalization of Property Values

Administer Local Option Alcoholic Beverage Laws

MISSION

The Mission of the Department of Revenue is to be the mechanism for the citizens of the State of Mississippi to fund their public services through the accurate collection of revenue, the efficient administration of revenue and licensing systems, and the fair and equitable enforcement of all Mississippi tax laws, rules and regulations.

VISION

The Mississippi Department of Revenue works to have each employee committed to accomplish the Mission with integrity; to instill public confidence in government; to continuously improve our performance; and to provide a positive and professional workplace for our taxpayers (customers) and each other.

PHILOSOPHY

The Department of Revenue is accountable to all in the collection of revenue according to the provisions of Mississippi law. We will not assess or collect any tax or fee that is not lawfully due. We strive to work with our taxpayers (customers) to achieve the highest level of voluntary compliance.

GOALS

The Department of Revenue has four basic goals that connect our Mission to our Vision.

- *Improve voluntary compliance with all Mississippi tax laws, rules and regulations.*
- *Make the DOR the most innovative, efficient agency in the state.*
- *Hire and sustain a skilled, professional, and motivated work force.*
- *Provide the highest level of quality service to the citizens of Mississippi.*

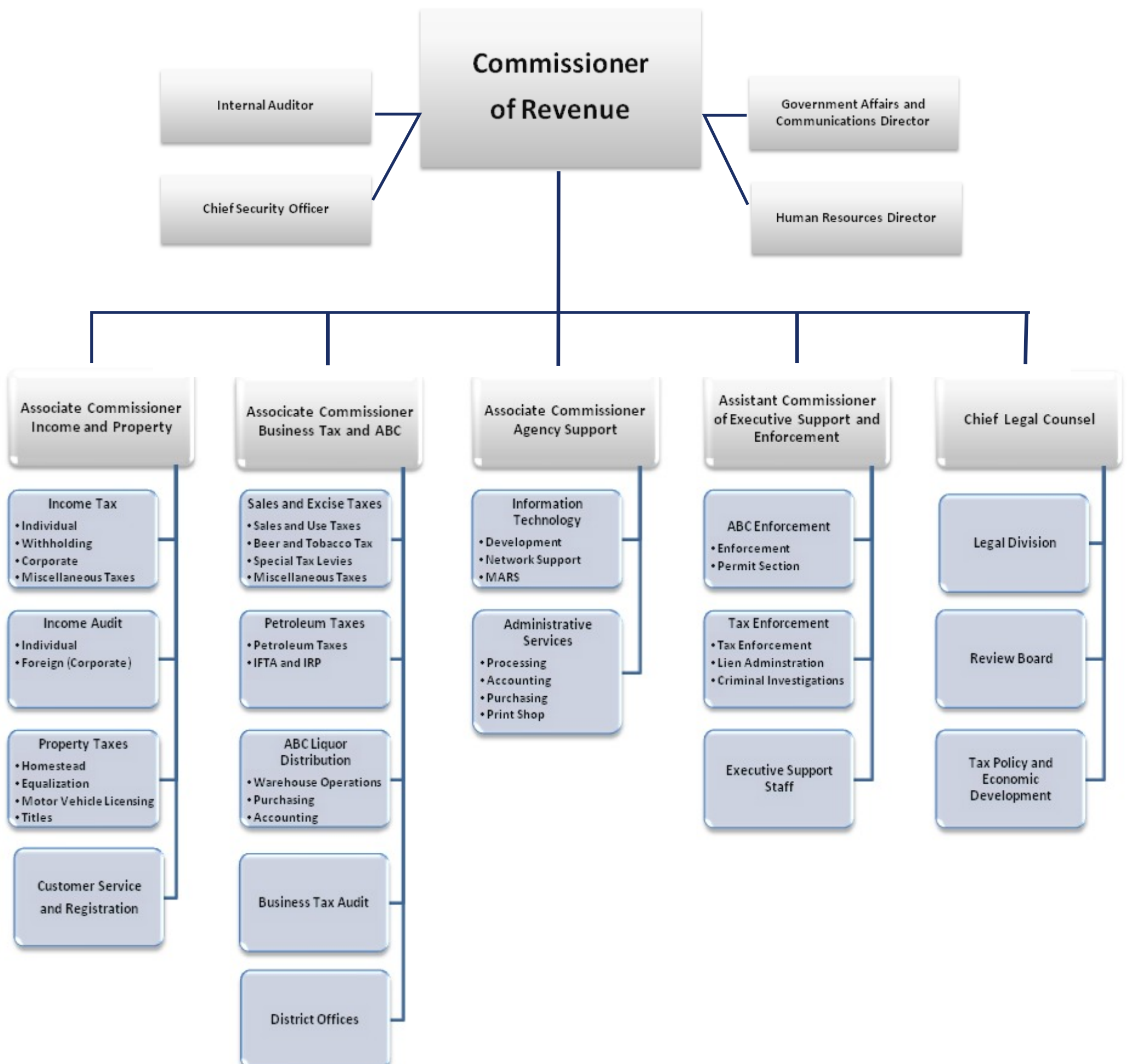
“There is hereby created a Department of Revenue the head of which shall be the Commissioner of Revenue” MCA § 27-3-1

Agency Organization

The Commissioner of Revenue is the Executive Director of the Department. He is appointed by the Governor and confirmed by the Senate to serve a term of six years. Assisting the Commissioner include the Associate Commissioner of Income and Property Tax, Associate Commissioner of Business Taxes and ABC, Associate Commissioner of Agency Support, Assistant Commissioner for Executive Support and Enforcement, Chief Legal Counsel, Government Affairs and Communications Director, Chief Security Officer, Human Resources Director and the Internal Auditor.

The DOR accomplishes its mission through various programs focused on implementing tax laws, processing tax revenue and providing services to state government and the general public. The agency is an interconnected organization dedicated to continuous improvement.

The following organization chart identifies the functional areas that complete the work of the agency:



Executive Staff



Jan Craig, CPA, serves as the Associate Commissioner for Income and Property Tax and is responsible for direction of the Office of Income Tax, the Office of Property Tax and Customer Service and Registration.

Office of Income Tax administers Individual Income, Withholding and Corporate and Franchise Taxes. The Office provides taxpayer service through performing error resolution and technical assistance. They are responsible for managing taxpayer accounts, developing forms and filing guidelines, and issuing tax refunds.

Income Tax Audit is comprised of both Field Audit and Office Audit personnel. Field audit is performed outside Mississippi for Corporate and Franchise Taxes. Office audit includes examination and verification of Individual Income tax returns.

Property Tax ensures the fair and uniform property values for Mississippians. Property Tax Division is responsible for measuring county assessor performance for compliance and providing technical training. They administer the reimbursement to the counties for Homestead Exemption.

Motor Vehicle Licensing and Title Bureaus provide services used by nearly every citizen of the State. They are responsible for maintaining motor vehicle registration information, administering the motor vehicle network, and issuing Titles.

Customer Service and Registration is responsible for providing customer assistance through the agency's Taxpayer Access Point (TAP) and responding to phone calls and written correspondence. Duties include answering general questions, assisting with registration and licensing of new businesses, and providing assistance with online services.



Terry Smith serves as the Assistant Commissioner for Executive Support and Enforcement. She is responsible for direction of the Office of Tax Enforcement, Alcoholic Beverage Control Enforcement, and assisting the Commissioner with administrative duties of the Department.

Office of Tax Enforcement includes field personnel responsible for the collection of delinquent tax liabilities. The Lien Administration Section provides support functions including issuance of garnishments, levies and recording Liens. The **Criminal Investigations Section** investigates tax evasion, improper or fraudulent tax activity, and related issues. Investigators prepare cases for criminal prosecution by the District Attorneys.

ABC Enforcement is responsible for the enforcement of the Local Option and Prohibition Laws. This includes licensing and regulatory responsibilities for entities that produce, import, distribute or sell alcoholic beverages in this state. Activities include receiving and investigating applications, renewals, transfers, registrations and monitoring existing permit holders for compliance.



Ashley May, Esq., serves as the Chief Legal Counsel for the Department. The Legal Division, Review Board, and Office of Tax Policy and Economic Development are under her direction.

Tax Policy and Economic Development develops administrative tax policy and rules for the DOR. The section is responsible for monitoring response of letter rulings and declaratory opinions. This unit is also responsible for oversight of tax incentive programs.

Review Board provides the first level of administrative review for taxpayer appeals on matters administered by the DOR. Its purpose is to resolve disputed tax matters in an informal and consistent manner by conducting hearings with taxpayers.

Legal Division provides legal guidance, support and representation to the Department of Revenue and Commissioner. They represent the agency in administrative hearings and court proceedings. **Bankruptcy Section** is responsible for the administration of bankruptcy cases, claims, and payments for the Mississippi Department of Revenue.



Lamar Wilson serves as Director of Human Resources. This office is the source of services and information for applicants and employees concerning employment with the Department. Duties include maintaining employee records, providing employee training and development, workforce planning, performance appraisal systems, employee health and wellness, fringe benefit administration, and the implementation of various human resource functions such as unemployment compensation reporting and worker's compensation reporting.

Executive Staff

Meg Bartlett serves as the Associate Commissioner for Business Taxes and ABC. She is responsible for direction of the Office of Business Taxes, Business and Transaction Tax Audit, Office of Alcoholic Beverage Control, and for oversight of the district offices located across the state.



Office of Business Tax administers Sales and Use Taxes, Beer and Tobacco, Special City and County Levies, Petroleum Taxes and similar taxes. The Office provides taxpayer service through performing error resolution and technical assistance functions. They are responsible for managing taxpayer accounts, developing forms and filing guidelines, and administering the International Fuel Tax Agreement (IFTA) and the International Registration Plan (IRP.)

Business and Transaction Tax Audit is performed by field personnel located in District Offices across the state. District auditors perform most of their work inside Mississippi, but also examine business taxes for taxpayers whose records are located outside the state.

Alcoholic Beverage Control is responsible for the ensuring an orderly system for the convenient distribution of alcoholic beverages through the state controlled system. ABC includes warehouse shipping and receiving, accounts receivable and payable, inventory management, liquor order processing, and customer service.

Jennifer Wentworth serves as the Associate Commissioner for Agency Support. She is responsible for direction of the Office of Information Technology and the Office of Administrative Services.



Office of Information Technology serves and supports the technology foundation for the agency's functional units. Agency technology allows for timely, efficient and secure transfer of information to employees, taxpayers and other agencies. **Systems Development** provides application development and maintains the various systems. They are responsible for building software solutions for the DOR and to meet legislative mandates. **Network Services** provides technical services to the agency's end users, manages the agency network, and are responsible for oversight of technology infrastructure.

Office of Administrative Services provides support to the agency through return and payment processing, financial reporting and related support services for the agency. **Accounting** manages the agency budget, provides efficient and accurate distribution of tax funds, and provides financial reporting of tax collections and disbursements. **Purchasing** is responsible for procuring goods and services required by the DOR and coordinates building facility maintenance and security. **Print Shop** is responsible for records management, mail services, and printing agency forms and publications. **Processing** is responsible for opening, batching, scanning, imaging and processing tax returns and payments. They ensure a daily tax deposit of the funds received that day.

Kathy Waterbury serves as the Government Affairs and Communications Director. She coordinates the response of constituent issues for legislative and other government offices. She is the agency contact for the news media, participates in the development of external reporting for the Department such as budget requests, strategic planning, risk assessment, and similar reports. Additionally, she represents the Department at the State Capitol during the legislative session and legislative hearings, tracks pending legislation, and advises Executive Staff concerning legislative issues affecting the Department.



Jeff Bynum serves as Chief Security Officer. He is responsible for direction of the agency's security program and planning, and for implementing and monitoring information security systems policies and procedures. He advises the Commissioner and executive staff regarding data security integrity and privacy. He coordinates response to internal and external threats, manages compliance with federal and state regulations, and works to implement best practices in agency security procedures.



Charles Fairchild, performs internal audit functions by making financial and operational audits of DOR offices. He performs other investigations and reviews as needed, including evaluating and providing reasonable assurance that DOR systems are functioning as expected and enable the agency's objectives and goals to be met. He provides recommendations for improving the Department's operations with regard to developing more effective outcomes.



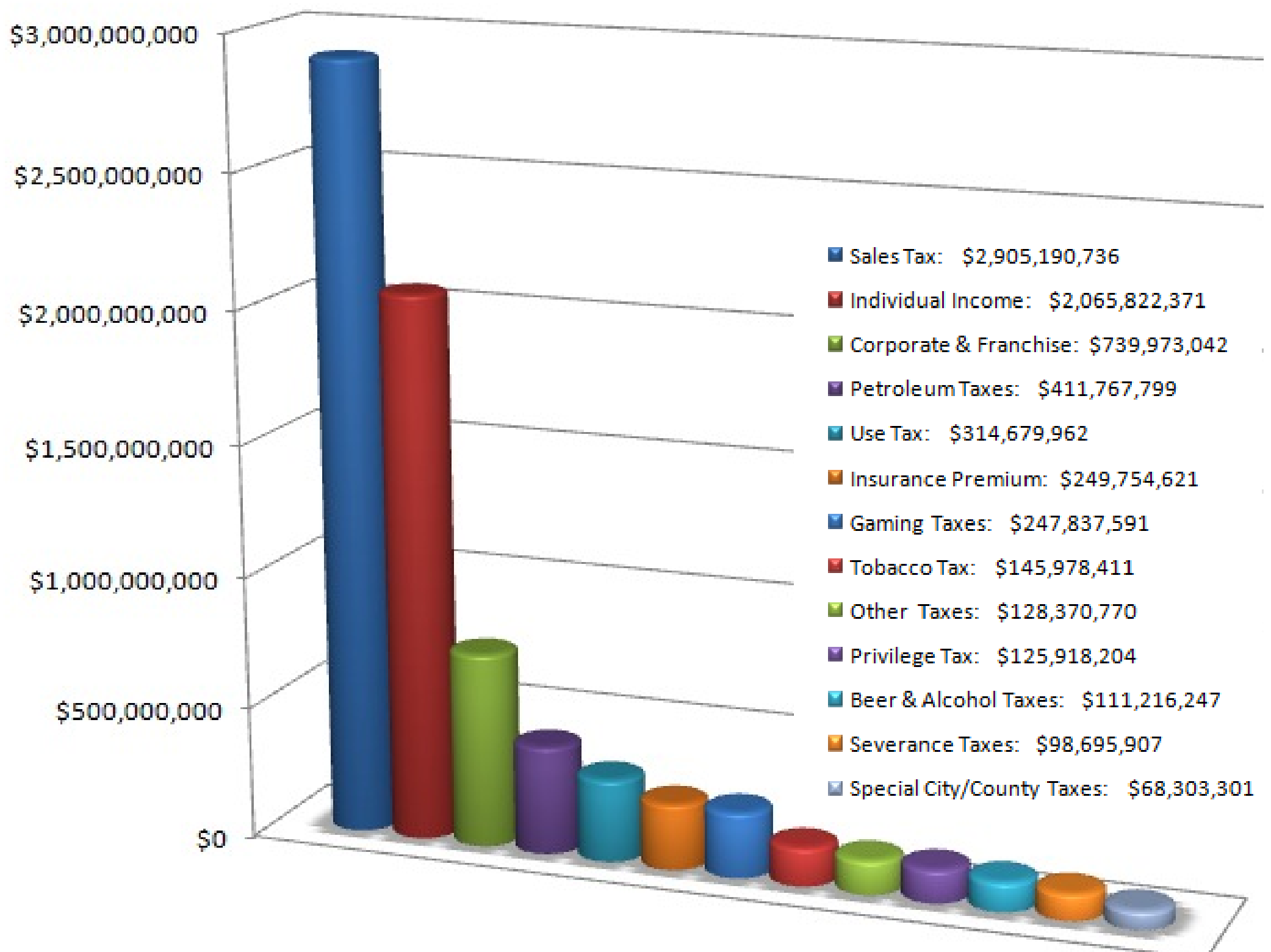
Agency Purpose

The Mississippi Department of Revenue is responsible for the majority of revenue generation and collection activities for the State, including taxation, licensing, registration, and the wholesale distribution of alcoholic beverages and enforcement of these activities. During Fiscal Year 2014, DOR collected and accounted for \$7.6 billion in total tax revenue derived from over 40 taxes from which collections were transferred to over 300 Treasury Funds.

Tax revenues collected by the Department of Revenue provide support for state operations by funding programs and services that benefit all citizens of Mississippi. Taxes collected go to education, transportation, public safety, health, management of Mississippi's natural resources, and other public services.

\$7,613,568,962

Fiscal Year 2014
Total Receipts and Disbursements
General and Special Funds

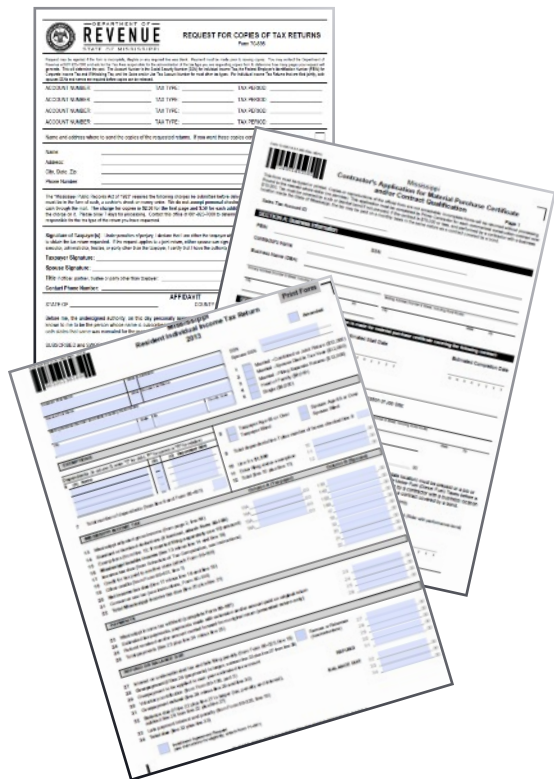


DOR cost 3/4th of 1 cent for each \$1 of revenue it collects.

Core Functions of the DOR

The following information provides an overview of the core functions that comprise the duties and responsibilities of the Department of Revenue as authorized by the laws of this state. The agency’s programs include the following core functions:

- Manage receipt and disbursement of tax revenues;
- Manage and maintain taxpayer accounts;
- Provide quality customer service and assistance;
- Enforce compliance of those who refuse to voluntarily submit tax returns or pay taxes due;
- Monitor tax compliance through examination of returns;
- Protect the public health and safety in the consumption of alcoholic beverages;
- Distribute alcoholic beverages through the state controlled system;
- Ensure equalization of property values throughout the state;
- Create and maintain motor vehicle registration and title information;
- Support agency activities through administrative functions, including executive leadership, technology management, facilities management, human resources, and accounting.



Taxpayer Account administrative duties are defined by the taxes imposed by the State of Mississippi. There are over 40 state imposed taxes administered by the Department. Additionally, the DOR administers 78 Special Levies and another 14 Gaming Taxes imposed by the local governments. DOR provides assistance to the local governments in the collection of Ad Valorem Taxes, Homestead Exemption and collecting other special fund taxes, such as license plate fees.

Responsibilities include performing registration activities, licensing of businesses, responding to taxpayer inquiries, performing post audit of returns and preparing diversions, assessing additional taxes, issuing refunds, and all other requirements necessary to maintain taxpayer accounts.

Functional Areas performing these duties are comprised of several work units: Sales and Use, Income, Petroleum Taxes, Property Taxes, and ABC. Each group is responsible for of a number of different taxes which vary in purpose, application, and rule.

Number of Tax Accounts Managed by Tax Type

Income, Severance, Regulatory Taxes		Sales, Use, Other Transaction Taxes		Petroleum Taxes	
Corporate Income	35,790	911 Emergency	140	Compressed Gas	101
Pass Through Entity	91,020	Beer Permit	5,870	Environmental Protection	389
Fiduciary	16,850	Beer Excise	32	Gasoline	351
Finance Privilege	314	City Utility	79	IFTA	2,890
Gaming License	84	County Sales / Use	82	IRP	5,990
Gaming	29	Motorcycle ATV	291	Lubricating Oil	177
Individual Income	2,380,000	Motor Vehicle Rental	137	NCL Gas Fuel User	100
Insurance Premium	1,400	Occupancy	120	Seawall	86
Withholding	70,314	Prepaid Wireless	655	Special Fuel	412
Gas Severance	102	Sales	69,180	Total Accounts	10,496
Municipal Gas	33	Tire Disposal	292		
Oil Severance	97	Tobacco Permit	4,490		
Public Utility	461	Tobacco Excise	274		
Railroad Regulatory	6	Use	17,120		
Statewide Privilege	162	Waste Disposal	125		
Timber Severance	95	Total Accounts	98,887		
Total Accounts	2,596,757				

Alcoholic Beverages	
Excise & Alcohol Abuse Tax	1,927

Manage receipt and disbursement of tax revenues

The objective is to ensure that revenue is available to fund government programs.

General Fund Collections 1 and 5 year Growth Comparisons

	General Fund Fiscal Year 2014	FY 2013	1-year Increase	Amount of Increase	FY 2012	FY 2011	FY 2010	5-year Increase	Amount of Increase
Sales	\$1,955,112,615	\$1,911,111,884	2.30%	\$44,000,731	\$1,854,730,386	\$1,790,783,988	\$1,781,276,812	9.76%	\$173,835,803
Individual	\$1,666,791,328	\$1,650,091,463	1.01%	\$16,699,865	\$1,489,167,466	\$1,382,736,224	\$1,339,889,032	24.40%	\$326,902,296
Corporate	\$677,045,552	\$524,077,200	29.19%	\$152,968,352	\$505,305,792	\$447,978,594	\$402,751,335	68.11%	\$274,294,217
Use	\$246,321,513	\$233,461,599	5.51%	\$12,859,914	\$215,878,937	\$209,672,354	\$202,173,625	21.84%	\$44,147,888
Gaming	\$127,776,693	\$139,630,194	-8.49%	-\$11,853,501	\$152,077,204	\$146,975,811	\$155,123,038	-17.63%	-\$27,346,345
Insurance	\$229,054,109	\$177,984,141	28.69%	\$51,069,968	\$171,717,723	\$156,041,101	\$135,785,600	68.69%	\$93,268,509
Tobacco	\$145,978,411	\$150,583,793	-3.06%	-\$4,605,382	\$157,357,889	\$157,616,708	\$156,666,355	-6.82%	-\$10,687,944
ABC	\$71,524,940	\$70,016,795	2.15%	\$1,508,145	\$66,668,806	\$63,233,797	\$64,240,001	11.34%	\$7,284,939
Beer	\$30,202,280	\$30,433,462	-0.76%	-\$231,182	\$30,621,470	\$30,749,767	\$29,941,319	0.87%	\$260,961
Oil	\$72,104,299	\$77,201,648	-6.60%	-\$5,097,349	\$80,262,017	\$67,418,743	\$51,883,604	38.97%	\$20,220,695
Gas	\$4,550,109	\$5,594,409	-18.67%	-\$1,044,300	\$9,651,420	\$13,336,941	\$13,969,445	-67.43%	-\$9,419,336
Other	\$23,869,957	\$35,021,672	-31.84%	-\$11,151,715	\$35,172,328	\$33,949,644	\$37,259,853	-35.94%	-\$13,389,896
Total	\$5,250,331,806	\$5,005,208,260	4.90%	\$245,123,546	\$4,768,611,438	\$4,500,493,672	\$4,370,960,019	16.75%	\$879,371,787

Strategy: Deposit revenue as quickly as possible

- \$5.6 billion (74% of total collections) was collected electronically during FY 2014;
- DOR deposits paper checks electronically using Check-21 in order to eliminate the manual deposit of checks and to get revenue into interest bearing accounts more quickly;
- 1,007,331 payments were submitted online through TAP (Taxpayer Access Portal).

Strategy: Make information available more rapidly

- Free online filing and payment is available for 46 tax types;
- 1,355,121 returns were submitted through TAP, an increase of 73.3% over prior year;
- 206,835 active tax accounts are utilizing TAP, up 149% over the prior year;
- 48,258 taxpayers elected to go paperless, up 5000%;
- 310,996 online registration activities were performed by taxpayers, such as opening or closing accounts and updating demographics;
- 6,797 online application for permits (including MPC and Direct Pay) were made online.

Deposit revenues in a timely manner to maximize interest earnings

Distribute revenues timely and accurately to provide a funding source for other services

Make information available more rapidly and securely through imaging and scanning technology

Enhance the security for electronic data and remittance submissions

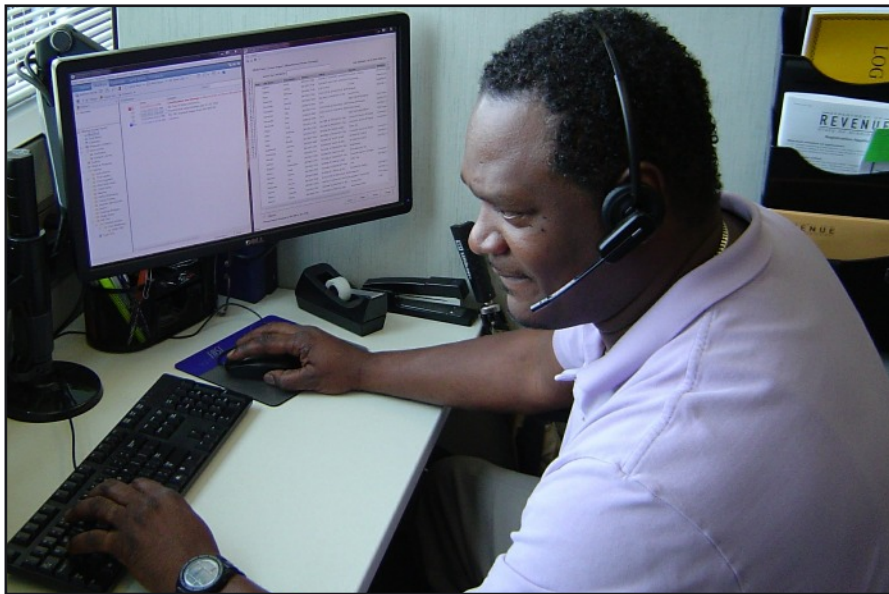


10,276,492 paper tax documents were scanned into agency systems during FY 2014

Provide customer service and assistance

Core
Function

The Department of Revenue's customer base is one of the largest of Mississippi's governmental agencies with 2 million taxpayers. All persons with tax responsibilities to our state are customers whether located within our borders or across the nation.



Strategy: Maintain a Call Center

Providing quality assistance to Mississippi's taxpayers includes maintaining a Call Center with employees who have a broad and knowledgeable understanding of the entire DOR and its activities. This is so that questions may be answered accurately and completely, and to avoid transferring calls to other divisions.

During Fiscal Year 2014 taxpayer assistance representatives handled:

- 1,512,209 total inbound calls to a queue with 614,592 answered (41%)
- 86,079 taxpayer correspondence cases completed

Strategy: Contact taxpayers as quickly as possible once new debt is created.

DOR has begun sending taxpayers who fail to file a return, and who elect to receive email, a courtesy email 15 days after the due date of the return. This serves as a reminder to file and may help reduce penalty and interest charges. **During the past year, 77,033 emails yielded response and payments of \$51,221,397.22.**

Strategy: Expand and enhance filing and payment options

- TAP (taxpayer access portal) provides free online filing for 46 taxes. Taxpayers taking advantage of TAP increased to 122,122 taxpayers;
- DOR established a new, online option for taxpayer to create a payment plan with terms for up to 24 months for any tax;
- Additionally, taxpayers set up 1,923 Individual Income payment plans when they electronically filed their tax returns, up from 287 plans in the prior year;
- Taxpayers set up another 1,164 Individual Income payment plans with their paper-filed returns, which is up from 957 plans in the prior year.

In addition to the online option, DOR established over 2,000 other payment plans for taxpayers.



Increasing online services improves efficiency, accuracy, internal controls and taxpayer satisfaction.

Provide assistance and information to the public that is helpful and responsive

Develop effective policies to help taxpayers meet their responsibilities

Provide and encourage taxpayers to utilize web-based information and tools

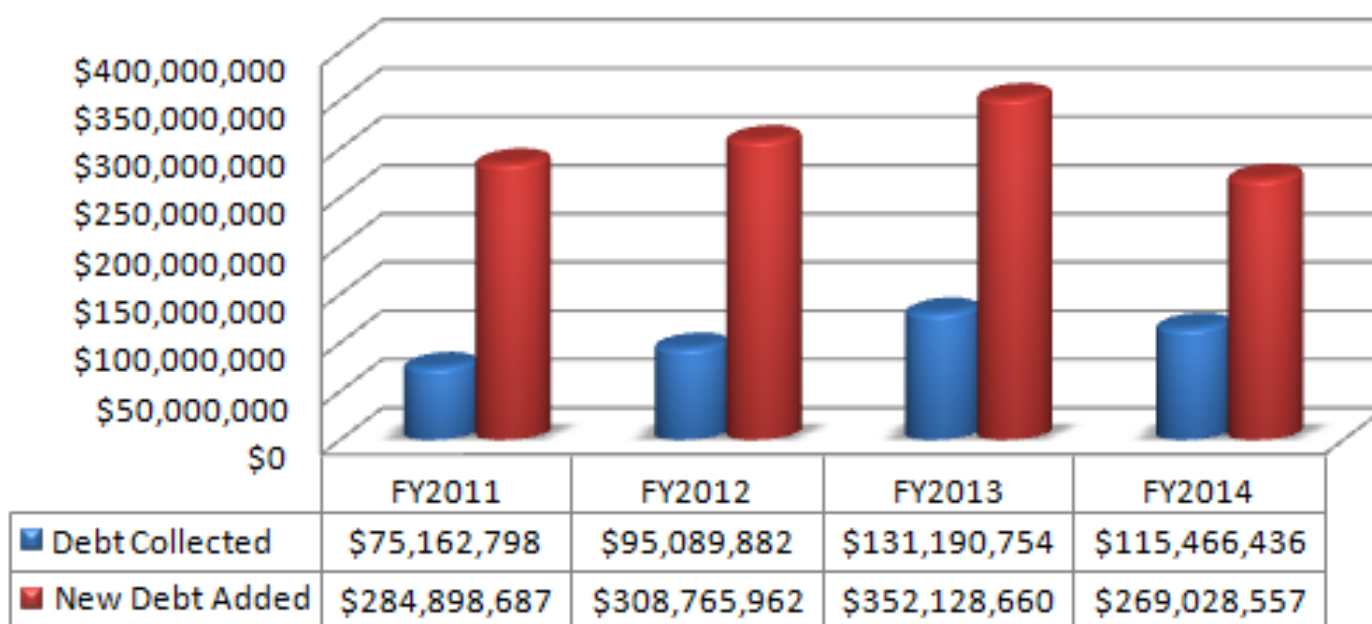
Reduce time for processing refunds

Maintain sufficient staffing of individuals who have a positive customer service ethic and awareness of the goals and principles of the DOR

Enforce compliance of those who refuse to voluntarily file and/or to remit taxes due

Our objective is to reduce tax receivables and to reduce the number of new delinquent accounts.

Delinquent Tax Collections Compared to New Debt Added to Receivables



A step in the right direction: We are seeing a slow-down in the growth of new debt as both the number of billing items and the amount of new debt added have decreased.

Reduce tax receivables

Collect delinquent taxes

Identify and register non-permitted businesses

Send monthly billing statements that are clear, informative and accurate to facilitate prompt payment

Promote a more fair tax system by providing a level playing field for compliant taxpayers

Strategy: Collect delinquent tax debt to reduce tax accounts receivables

Total Debt Collected: \$115,466,436

Bill Items Resolved: 72,069

- Finally Determined Tax Liabilities decreased \$110 million;
- New enforcement cases decreased 20.75%;
- The amount of debt for new cases decreased 3.58%.

A debt moves to finally determined tax liability status when all appeals or the time to appeal the assessment have expired.



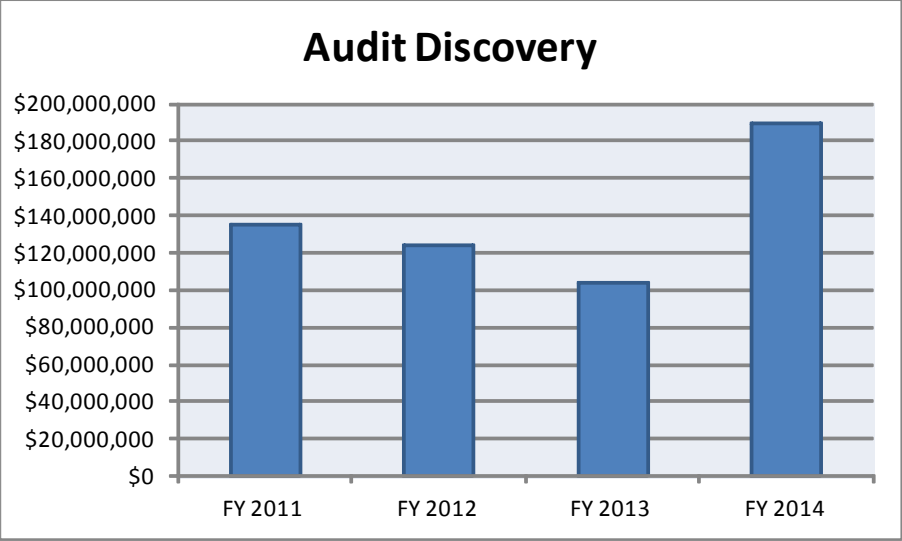
Revenue Officers collect \$27 for every \$1 of Cost

Compliance activities promote fairness and consistent treatment in the application of tax law. It helps ensure that no business gains an unfair competitive advantage over others by failing to comply with the tax laws.

Monitor compliance through examination of returns

Core
Function

Our objective is to promote voluntary compliance by auditing, discovering non-compliance, and educating taxpayers.



Strategy:

Perform audits and examinations of returns to improve voluntary compliance

- Increase discovery and recovery of non-reported income
- Review and validate information on filed returns
- Recover revenues through detection and reduction of fraudulent returns

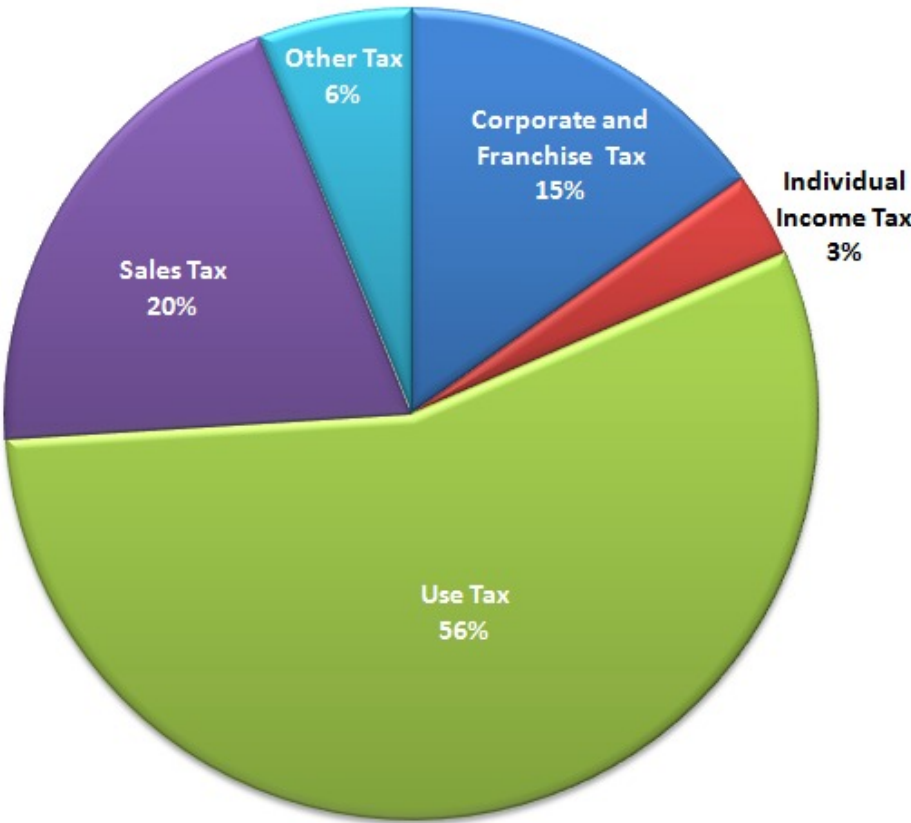
Audit Discovery by Tax Type

Corporate and Franchise Tax	\$28,766,552
Prepaid Wireless E-911 Fee	\$73,046
Environmental Protection Fee	\$330
Finance Company Tax	\$219,045
Gasoline	\$1,108
IFTA	\$17,423
Individual Income Tax	\$6,376,564
IRP	\$47,656
MVR	-\$1,426
Occupancy	\$2,385
Pass-Through Entity	\$477,106
Prepaid Wirless E911	\$52,901
Sales Tax	\$37,787,583
Special County	\$8,894,153
Special Fuel	\$365,894
Tobacco Excise Tax	\$21,727
Use Tax	\$105,334,695
Withholding Tax	\$1,383,273
Withholding Tax-Gaming	-\$9,494
Total	\$189,810,521

Number of Audits Performed: 4,531

Audits Requiring Adjustments: 84%

Audit Discovery by Tax Type



* Includes Foreign Audit and Business Tax Audit

Auditors Produce \$24 for every \$1 of Cost

Enforce Local Option and Prohibition Laws

The purpose of this program is to provide the state with an effective regulatory system for alcohol.



Strategy: Reduce access and possession of alcohol and beer by minors

ABC Enforcement continues its goal to reduce underage drinking and access to alcohol and beer in Mississippi. One strategy is working special operations in college towns and events around the state. During the last Fiscal Year:

- 712 underage persons cited for possession of alcohol, a 19.8% increase compared with prior year;
- 190 minors cited for possession of fake identification, a 14.4% decrease;
- 37 adults charged with buying for or furnishing alcohol to minors, a 15.6% increase;
- 10 adults were cited for allowing underage persons to consume alcohol on their property in violation of the Social Host Law, a 250% increase.

Strategy: Perform applicant background investigations, issue permits, and monitor compliance

ABC routinely makes site visits to permitted locations across the state. This visit is to ensure compliance as well as an opportunity to educate permit holders concerning the alcohol laws. ABC Agents performed:

- 212 new permit application investigations, a 23.9% increase over the prior year;
- 258 new manager investigations, a 21.3% decrease;
- 95 transfer permit investigations, a 15.9% decrease;
- 52 associated investigations, a 0.4% increase;
- 1,957 compliance inspections of licensee locations, a 58.4% increase.

Strategy: Reduce illegal sales, production, and moonshine trafficking

Moonshine is an issue of public safety due to the fact that it is manufactured in an unsanitary environment and the product has a very high alcohol content, sometimes as high as 190 proof. Most people do not realize the risk of alcohol poisoning if they consume almost pure grain alcohol.

- Agents served 121 search warrants with only 5 yielding negative results; a 57% increase over the prior year;
- 25 persons were arrested for possession and trafficking moonshine; a 39% increase;
- 11 Illegal distilleries were seized and destroyed;
- 33 persons were arrested for controlled substance violations with alcohol related investigations; a 100% increase.

“...purpose and intent of this chapter is to vigorously enforce the prohibition laws throughout the state...” MCA § 67-1-3

Promote health, welfare and safety of the general public by approving suitable alcoholic beverage applicants and premises

Reduce beer and alcohol consumption by minors through an active enforcement system

Continuously monitor licensees to ensure compliance with state law

Distribute Alcoholic Beverages through State Controlled System

Core
Function

ABC promotes the public interest through the responsible sale of alcoholic beverages.

The Alcoholic Beverage Control Division is the exclusive wholesaler of alcoholic beverages in this state. The objective for this work unit is to accurately and efficiently ship, receive, and maintain inventory control of the business that has sent \$2.4 billion to the state’s coffers since Fiscal Year 1967.

Strategy: Provide quality administration of the liquor distribution process

- Gross sales for Fiscal Year 14 were \$292,878,741.
Gross Sales have increased 7.9% over the past 2 years.
- The total warehouse costs, including renovation expenses, are 2% of total sales.
- ABC ships 3,200 cases per work hour.
- There was a 2.1% increase to the General Fund from operations over prior year.

\$ 56,593,732	Net Profit from Operations
\$ <u>46,193,691</u>	Excise and Sales Tax Collected
\$ 102,787,423	Transfers to General Fund

- There was a 3% increase in total case sales.

2,934,160 cases sold, an increase of 56,279 cases
40% of total case sales are wine; 60% are spirits
Spirits bring in 75% of dollar volume; wine 25%
- 99.9994% shipping accuracy attained

Ensure accurate timely distribution and delivery of liquor products to retail permittees

Modernize warehousing and distribution facilities to improve the efficiency of operations

Provide quality administration of the liquor distribution process.

Liquor Distribution returned \$9.57 in net profit for each \$1 of cost.

Adding excise and sales taxes collected with the sale of alcoholic beverages, \$1 cost returned \$17.39.



90% of all alcohol is sold by the 563 package stores in Mississippi

The top 180 package stores (32%) sell 73% of the total.

There are 1,240 On-Premises Permitted Businesses.

Create and Maintain Motor Vehicle Registration and Title Information



Strategy: Issue Titles for Vehicles and Manufactured Homes

- Increased number Titles issued by 8% (915,404) with 46,251 of those FastTrack Titles;
- Received an average of 10,000 Title applications daily;
- Averaged 3-4 weeks to process a Title, an improvement from prior year's 5-6 week average;
- Received 150,625 calls through the queue and answered 85% of those calls, a 2% decrease compared to prior year;
- Assisted 16,462 walk-in customers at the Customer Service Window, a 4% increase.

Deliver secure and valid licenses plates to counties

Issue tags for interstate trucking

Authenticate and validate title applications and create a record to properly identify the owner

Perfect security interests on vehicle records when proper documentation is supplied

Maintain registration network with records accessible by law enforcement and counties

Provide assistance to law enforcement in the investigation of motor vehicles

Identify and integrate best practices to mitigate fraud and protect personal information

Strategy: Deliver and/or Issue License Plates

- Maintained registration information for 2.9 million active license plates and decals;
- Issued license plates and decals to the 82 county offices;
- Issued 115,738 tags for big trucks and government vehicles;
- Issued 29,682 seven-day Temporary Licenses and 2,637 three-day In-Transit Licenses;
- Issued 4,029 Motor Vehicle Dealer Licenses and 7,385 Motor Vehicle Dealer tags.
- Audited 9,035 County reports to ensure proper accounting;
- Prepared and manually entered data for Legislative Tag Credit provided to taxpayers and transferred the reimbursement to the Tax Collector's offices;
- Printed annual renewal notices for 2.9 million passenger license plates for the benefit of the counties and taxpayers
- Performed accounting of privilege tax revenues and made transfers to counties, state agencies, special organizations and general fund.



We serve the public by ensuring the integrity and security of vehicle information.

Ensure equitable and uniform assessments of real and tangible personal property throughout the state

Core
Function

The Mississippi Constitution requires that taxation of property is uniform and equal throughout Mississippi. Property Tax is collected by the County Tax Assessors and Collectors on behalf of county and city governments and the local school boards.

Strategy: Provide training, guidance, and technical assistance to county tax assessors including a certification program.



- Provided training for 17 students in DOR Certified Appraiser School
- Provided annual re-certification classes for 500+ existing certified appraisers
- Performed testing and other services for those holding designations above Certified Appraiser

Strategy: Perform timely and accurate distribution of county reimbursement funds

- Allocated and reimbursed \$81.1 million to counties, cities and school districts for Homestead Exemption.

Strategy: Aid and assist local governments

- Assessed collected and distributed \$52.5 million in lieu taxes (rail car, TVA, and nuclear) for local governments and school boards
- Performed property tax assessment function for railroads and other public service corporations providing \$2.75 billion in assessed value to local governments and taxed at the local level

Strategy: Perform audits in each county including at least 3 Personal Property audits, 3 Real Property audits and 3 Mapping and Industrial audits.

- DOR discovered over \$41 million of true value assessment errors in real and personal property and mapping.

- Develop personal property assessment manuals for use by assessors to promote uniformity
- Calculate and perform Homestead Reimbursement of funds allocated by Legislature
- Conduct ratio studies to determine whether assessments are within the acceptable variance
- Develop curriculum and conduct property appraisal training
- Develop assessment methods and procedures for assessing public utilities, railroads and pipelines

Property Tax Performance Indicators

Types of Property	True Value			Assessed Value		
	Over	Under	Total	Over	Under	Total
Personal Property	\$ 5,825,186.00	\$ 7,595,962.00	\$ 13,421,148.00	\$ 1,045,887.00	\$ 1,499,571.00	\$ 2,545,458.00
Real Property	\$ 1,736,737.00	\$ 4,207,551.90	\$ 5,944,288.90	\$ 204,914.50	\$ 530,265.73	\$ 735,180.23
Mapping	\$ 8,106,028.00	\$ 5,815,825.00	\$ 13,921,853.00	\$ 1,215,904.20	\$ 872,373.75	\$ 2,088,277.95
Industrial	\$ 1,713,395.00	\$ 6,201,452.00	\$ 7,914,847.00	\$ 257,009.25	\$ 930,217.80	\$ 1,187,227.05
Total	\$ 17,381,346.00	\$ 23,820,790.90	\$ 41,202,136.90	\$ 2,723,714.95	\$ 3,832,428.28	\$ 6,556,143.23

Our objective is to facilitate efficient administration Mississippi’s property tax laws.

We Moved!!

The Department of Revenue's annual report for 2014 would be incomplete if we didn't mention moving our primary location. After 17 years and 7 months in what was supposed to be a "temporary" location, the agency finally moved to our permanent home: South Pointe in Clinton, Mississippi.

It was in 1996 when the State Tax Commission moved from its headquarters in the Woolfolk State Office Building so that the building could be renovated. The agency moved to a warehouse located south of Clinton originally built to store materials for the building of Grand Gulf Nuclear Plant. This building was never intended to house offices, but the agency would only need to be there for 2-3 years before moving back to Woolfolk. Over Thanksgiving weekend 1996, the agency moved from across the street of the historic State Capitol to a warehouse located across the street from a landfill.



Woolfolk State Office Building



By July 1998, it was recognized that the renovation at Woolfolk would take longer than originally anticipated. Then, once the Woolfolk renovation was complete, the Sillers Building would be renovated. To answer the question "Where would all the agencies in Sillers go?" it was decided to keep the Tax Commission in the warehouse and allow the occupants of Sillers to move to the newly renovated Woolfolk Building during the Sillers renovation.

In April 2005, after deciding that the agency would not move back to Woolfolk, the Bureau of Buildings released an RFP for office space for the permanent headquarters of the MSTC. The state rejected all of the proposals for both existing office space and new construction.

2008: the economy was in recession. Due to the cost of moving the agency, there would be no more talk of moving until the economy improved.

Seventeen Years and Seven Months Later...

It is true: good things do come to those who wait! In July, 2014 the Department of Revenue moved from the warehouse to our new headquarters. We believe that our new main office is a place that appropriately represents Mississippi and is equipped to provide quality service to its citizens.



